



**KAZATOMPROM**  
NATIONAL ATOMIC COMPANY

# Is the long-term price dead?

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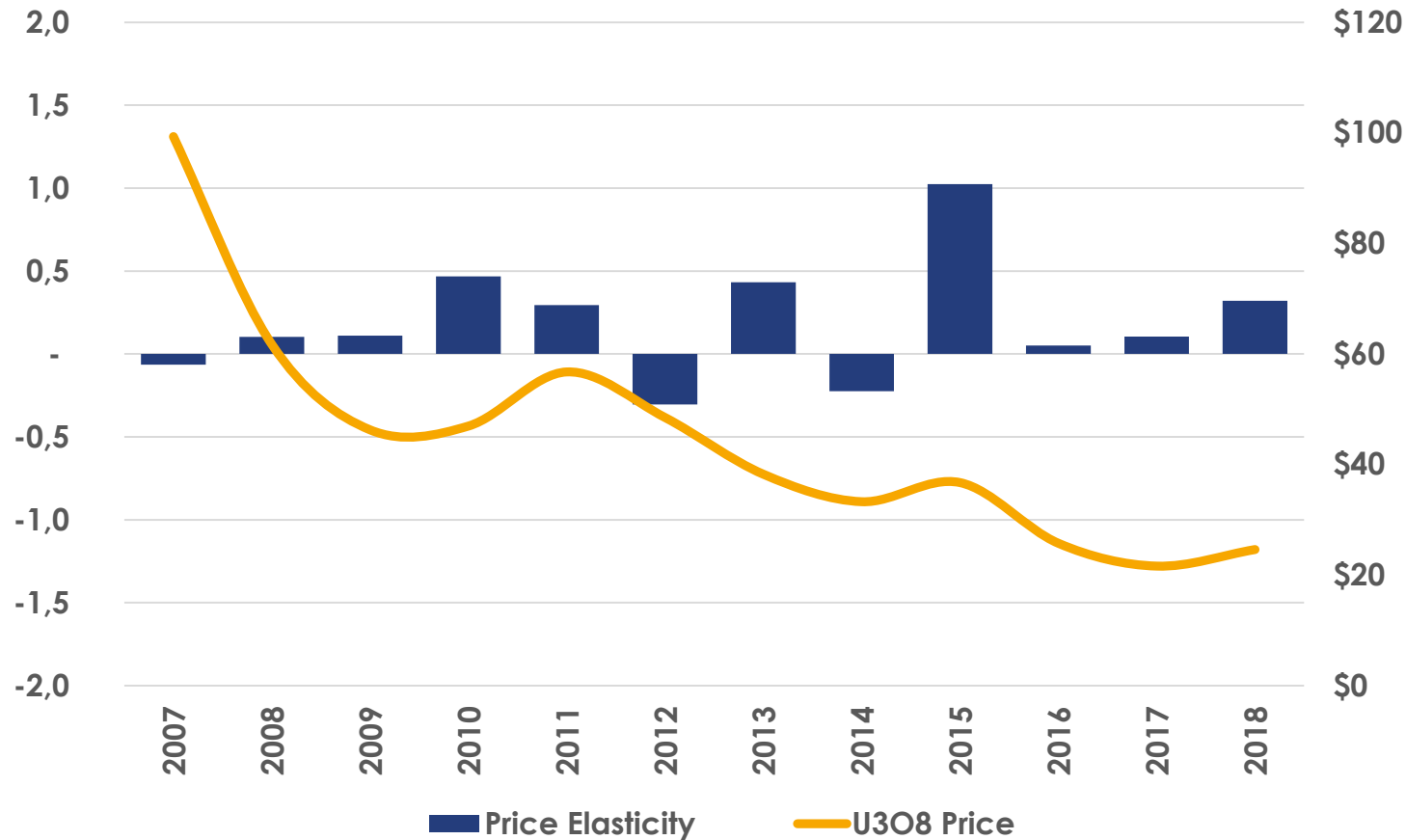
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# Why does our market have long-term contracting?

Uranium Requirements Price Elasticity  
(Adjusted for 2-Year Lead Time)

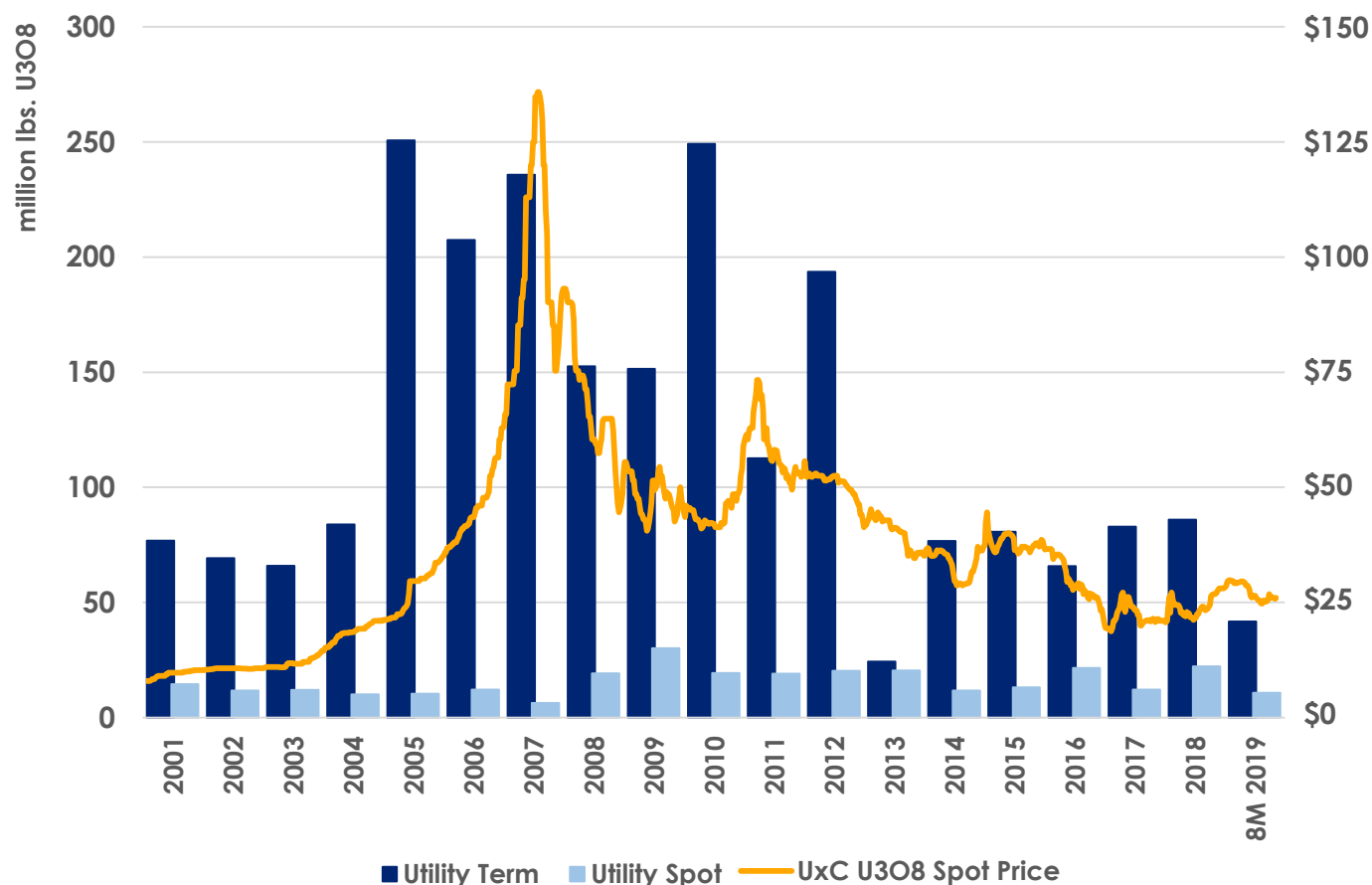


- Nuclear plants have decades of operation
- Demand is predictable
- Nuclear fuel is a very technical product
- Elasticity of demand is low

Source: UxC

# Is security of supply overrated?

## Utility term and spot trade volumes

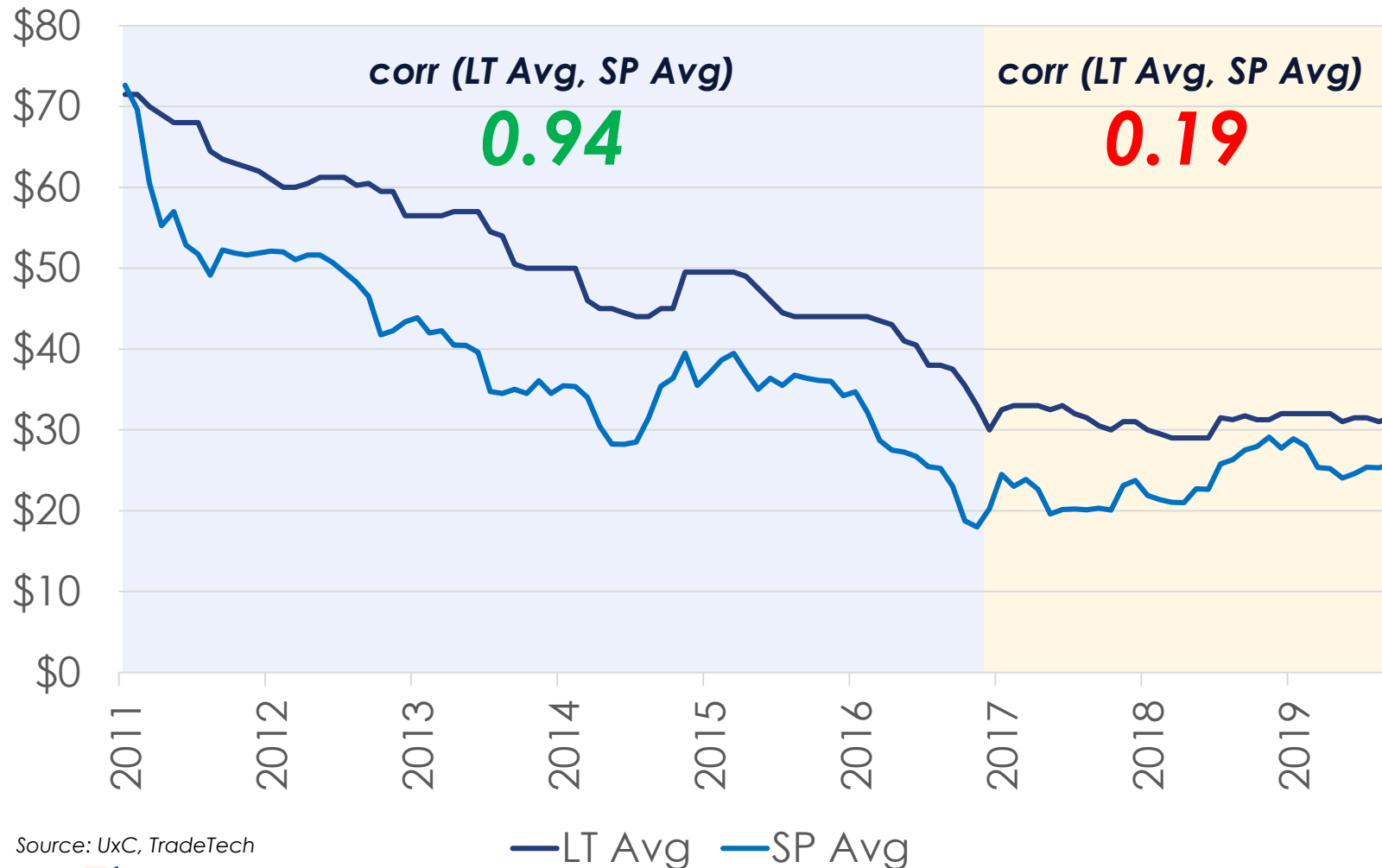


- Over the past few years, supply has exceeded demand
- Excess spot material put downward pressure on prices
- Perceived surplus has reduced utilities' concern about security of supply
- As a result, LT contracting volumes decreased significantly since 2012

Source: UxC

# Does it have a pulse?

## Correlation of Historical Long-term and Spot Prices



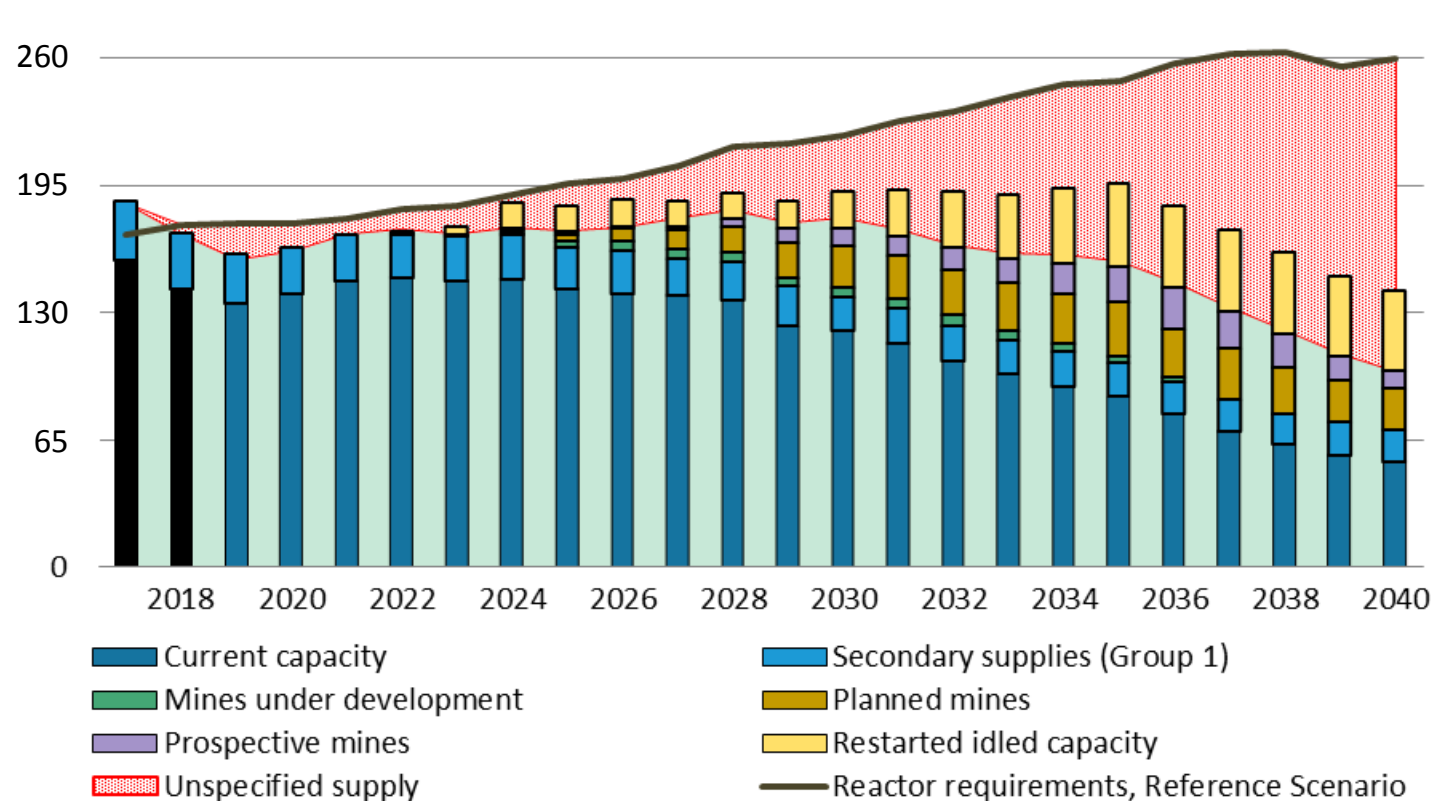
- Historical correlation very high
- Changes in spot price driving LT
- Since 2017 LT price unchanged

Is it dead?  
or  
Just hibernating?

Source: UxC, TradeTech

# There'll always be sufficient uranium... or not?

**2018-2040 Uranium Supply & Demand**  
(WNA Reference Scenario, mln lbs. U<sub>3</sub>O<sub>8</sub>)

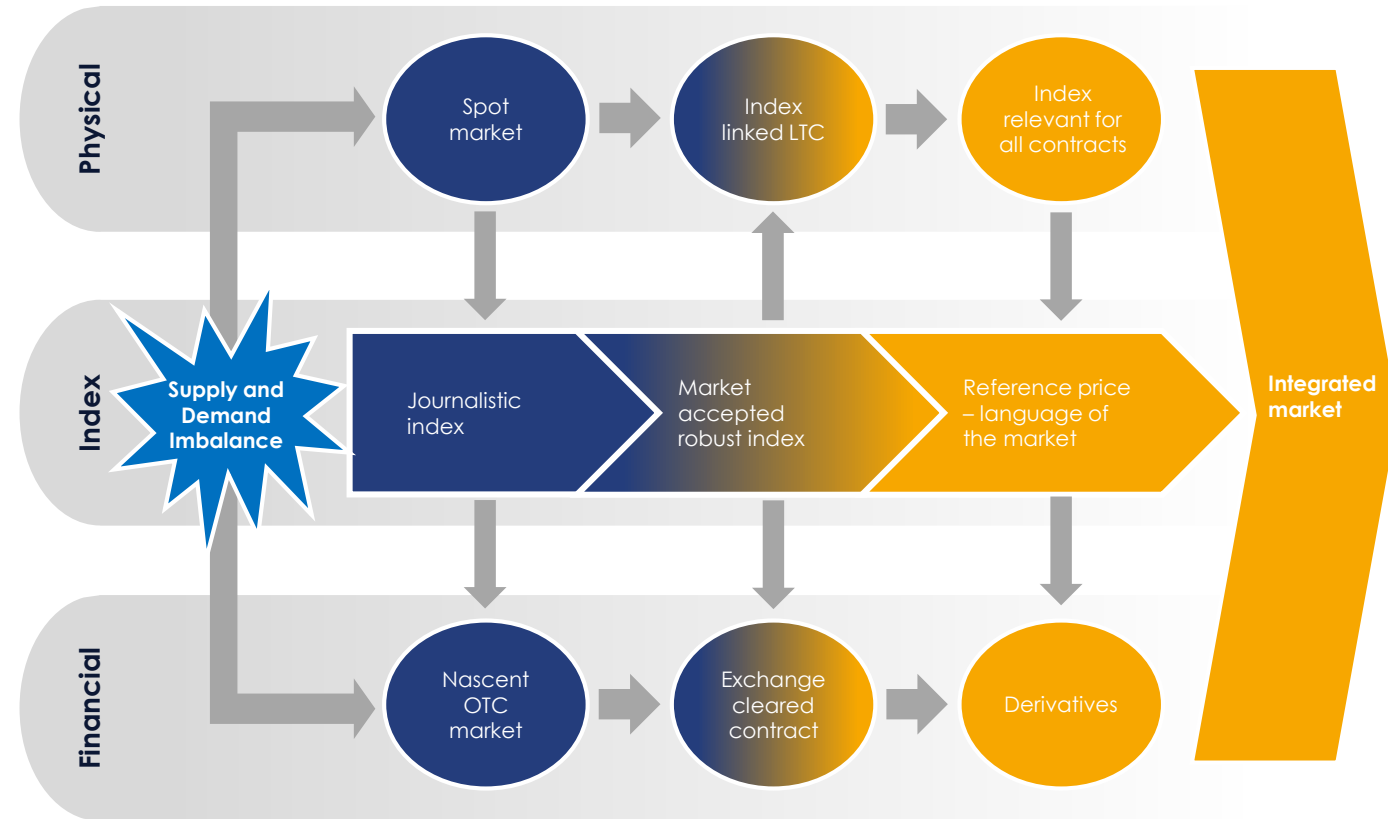


- At today's spot price ~40% of global producers do not cover their all-in costs
- New production is required beyond 2025 to replace forecasted depletion of mines
- Little incentive to maintain current production levels
- Even less incentive to build new mines

Source: WNA

# Commoditization of Uranium

- Oversupply leads to buyers preferring to procure in the spot market
- Emergence of indexes
- Entrance of speculators and traders
- Development of financial products which replace the LT pricing mechanism



Source: AIX

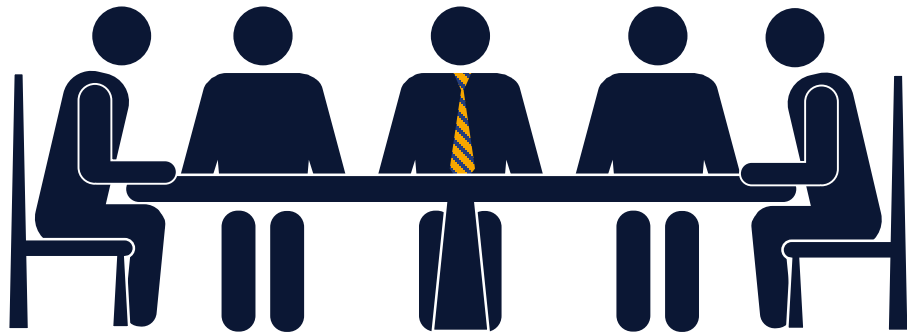
# Cost or Benefit?

	Pros	Cons
Spot	<ul style="list-style-type: none"><li>➤ Buy what you need</li><li>➤ No commitment therefore fully flexible</li></ul>	<ul style="list-style-type: none"><li>➤ Non-secure supply</li><li>➤ Higher volatility</li><li>➤ Doesn't encourage investment in new capacity</li></ul>
Long-term	<ul style="list-style-type: none"><li>➤ Security of supply</li><li>➤ Predictable cost management</li><li>➤ Underpins new mine investment</li></ul>	<ul style="list-style-type: none"><li>➤ Price may be higher or lower than spot</li><li>➤ Lower flexibility</li></ul>



# What next?

## Long-Term Price Negotiations



OR

## Commoditized Uranium Market

